



FAIRFAX COUNTY PARK AUTHORITY

M E M O R A N D U M



TO: Chairman and Members
Park Authority Board

FROM: Michael A. Kane, Director

DATE: March 1, 2006

Agenda

Executive Committee
Wednesday, March 8, 2006 – 2:30 p.m.
Board Room – Herrity Building
Chairman: Harold Strickland

1. Park Foundation Update
 - Audited Financial Statement, as of December 31, 2005 - Information*
2. Items presented by the Chairman
3. Items presented by the Director

*Enclosures

cc: Timothy K. White
Leadership Team

Board Agenda Item
March 8, 2006

INFORMATION

Fairfax County Park Foundation Audited Financial Statements

The Foundation completed its first financial audit for the period from July 1, 2004 through June 30, 2005, with a favorable opinion from the auditors, Lopez Group, P.C. The Park Foundation was founded in 2001, and this audit of their financials provides a level of accountability expected by corporate, foundation and individual donors.

ENCLOSED DOCUMENT:

Attachment 1: The Fairfax County Park Foundation's Financial Report, June 30, 2005,
Prepared by Lopez Group, P.C., Certified Public Accountants

STAFF:

Michael A. Kane, Director

Timothy K. White, Chief Operating Officer

Robert J. Brennan, Executive Director, Fairfax County Park Foundation

Attachment 1

The Fairfax County Park Foundation

Financial Report
June 30, 2005



Lopez Group, P.C.
Certified Public Accountants

The Fairfax County Park Foundation, Inc.

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Lopez Group, P.C.

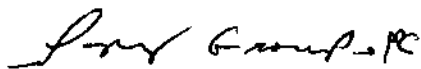
Independent Auditor's Report

Board of Directors
The Fairfax County Park Foundation, Inc.
Fairfax, VA

We have audited the accompanying Statement of Financial Position of **The Fairfax County Park Foundation, Inc. (the Foundation)** as of June 30, 2005, and the related Statements of Activities and Changes in Net Assets, and Cash Flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The Fairfax County Park Foundation, Inc.** as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Manassas, Virginia
November 30, 2005

The Fairfax County Park Foundation, Inc.

Statement of Financial Position

<i>June 30,</i>	2005
Assets	
Current assets	
Cash and cash equivalents	\$ 59,293
Pledges receivable, current portion	61,300
Total current assets	120,593
Other assets	
Cash available for temporarily restricted projects	80,633
Pledges receivable, non-current portion	72,215
Total other assets	152,848
Total assets	\$ 273,441
 Liabilities and Net Assets	
Net assets	
Unrestricted	\$ 59,293
Temporarily restricted	214,148
Total net assets	273,441
Total liabilities and net assets	\$ 273,441

See Notes to Financial Statements.

The Fairfax County Park Foundation, Inc.

Statement of Activities and Changes in Net Assets

<i>Year Ended June 30,</i>	2005
Unrestricted net assets	
Support and revenue	\$ 30,808
Gifts, donations, and contributions	171,907
Donated services and support	198,149
Net assets released from restrictions	400,864
Total support and revenue	400,864
Expenses	
Program Services	195,222
Grants	6,427
Project expenses	201,649
Total program services	201,649
Supporting services	134,701
Personnel salaries & benefits	21,706
Office expense	12,583
Annual report expense	2,356
Website expense	2,000
Printing and reproduction	1,118
Advertising	850
Legal and professional fees	698
Software	425
Licenses & permits	176,437
Total supporting services	378,086
Total expenses	378,086
Change in unrestricted net assets	22,778
Temporarily restricted net assets	122,119
Gifts, donations, and contributions	(198,149)
Net assets released from restrictions	(76,030)
Change in temporarily restricted net assets	(53,252)
Changes in net assets	326,693
Net assets, beginning of year	\$ 273,441
Net assets, end of year	\$ 273,441

See Notes to Financial Statements.

The Fairfax County Park Foundation, Inc.

Statement of Cash Flows

<i>Year Ended June 30,</i>	2005
Cash flows from operating activities	
Change in net assets	\$ (53,252)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
(Increase) decrease in:	
Pledges receivable, current portion	(7,792)
Pledges receivable, non-current portion	63,149
Net cash provided by operating activities	2,105
Cash flows from investing activities	
Cash available for temporarily restricted projects	(104)
Net cash used by investing activities	(104)
Net increase in cash and cash equivalents	2,001
Cash and cash equivalents, beginning of year	57,292
Cash and cash equivalents, end of year	\$ 59,293

See Notes to Financial Statements.

The Fairfax County Park Foundation, Inc.

Notes to Financial Statements

1. Organization and significant accounting policies

Organization: The Fairfax County Park Foundation, Inc. (the Foundation) was founded in 2001 in Fairfax, Virginia. The mission of the Foundation is to raise private donations and to create innovative partnerships between organizations, individuals and corporate neighbors in order to support parks and open space in the Fairfax County community where needs surpass public resources; and to strengthen the connection and commitment of corporate and individual neighbors to their parks.

The Foundation's vision is to be a sustainable, non-profit organization inspiring philanthropy and a passion for parks in Fairfax County so that individuals, organizations and corporate leaders see the value of bridging the gap between identified needs and available public funds for parks and open space in the Fairfax County community.

Basis of presentation: Under the Standards of Accounting for Not-for-Profit Organizations, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time.

The Foundation recognizes all unconditional contributed support in the period in which the commitment is made. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Donor contributions that are temporarily restricted are reported as unrestricted support if the restrictions are met in the same accounting period in which the contribution was originally pledged.

Income taxes: The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization which is not a private foundation.

Cash and cash equivalents: For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents. The Foundation may at times maintain cash balances that exceed federally insured limits. The Foundation does not believe that this results in any significant credit risk.

The Fairfax County Park Foundation, Inc.

Notes to Financial Statements

1. Organization and significant accounting policies (continued)

Pledges receivable: Pledges receivable are carried at the face value of the contributions pledged less an estimate made for doubtful pledges receivable based on a periodic review. Management determines the allowance for doubtful accounts by identifying troubled accounts, and by using the historical experience applied to an aging of the accounts. Pledges receivable are written off when deemed uncollectible.

Cash available for temporarily restricted projects: Temporarily restricted contributions that are received in advance of incurring project related expenditures are accounted for separately.

Management estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect 1) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements; and 2) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional presentation: The direct costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Salaries, benefits and other administrative costs have not been allocated among the programs benefited.

2. Pledges receivable

As of June 30, 2005, pledges receivable consisted of:

	2005
Clemyjontri Park pledges	\$ 136,515
Foundation pledges	12,000
Total	148,515
Less: Allowance for uncollectible pledges	(15,000)
Total	\$ 133,515
Less: Pledges receivable, current portion	61,300
Pledges receivable, non-current portion	\$ 72,215

The Fairfax County Park Foundation, Inc.

Notes to Financial Statements

3. **Donated services and support**
The Foundation received in-kind support from the Fairfax County Park Authority (FCPA), a local government institution, and from other organizations and individuals. During 2005, the FCPA provided in-kind support totaling \$156,407 to the Foundation that included \$134,701 to cover personnel salaries and benefits, \$6,706 for office expenses, and an estimated value of \$15,000 for rent and utilities. Additionally, during 2005, the Foundation received \$15,500 in-kind support from other organizations and individuals for projects and for general management related expenses. The in-kind support received has been included in support and revenue and in expenses in the Statement of Activities.
4. **Related Parties**
The Foundation is related to the Fairfax County Park Authority (FCPA) through common support. The Foundation's fundraising efforts are directed towards granting funding to support the parks and open space under the management of the FCPA. During 2005, the Foundation made grants of \$190,000 to the FCPA, and the expense is included under program services in the Statement of Activities.
5. **Temporarily restricted net assets**
Temporarily restricted net assets include donor restricted funds which are available for various purposes. Temporarily restricted net assets were released from restrictions during the year ended June 30, 2005, due to the purpose of the restrictions being accomplished.

As of June 30, 2005, temporarily restricted net assets are available for the following activities:

Purpose	2005
Clemyjontri Park	\$ 125,400
Bright Futures	24,381
Open Space	18,211
Foundation - Board Pledges	12,000
Adapted Acquatics Clemyjontri	10,678
Reston Skate Park	6,399
Wristbands	5,499
Adapted Acquatics	5,205
Trail Fund	5,000
Falstaff	1,000
911 Memorial Garden	375
Total	\$ 214,148